

## SONOMA COUNTY WATER AGENCY

### SUMMARY OF ISSUES AND SIGNIFICANT CHANGES FY 2000-01 BUDGET

#### Administration & General

The Agency General Fund provides staffing and operation support for the Water Transmission System, Water Supply, Flood Control, Sanitation Zones and Districts and the Agency's administration.

Net Cost/Use of Fund Balance is decreased \$1,358,413 primarily as the net result of the following changes in the Agency's General Fund:

\$1,570,000 Increase in salaries and benefits in the General Fund (\$2,426,000) offset by an increase in budgeted reimbursements (\$2,700,000); and a net cost decrease resulting from the establishment of the Warm Springs Dam Project within the Water Agency General Fund (\$1,296,000).

Projected ending fund balances for Administration & General Funds include:

\$ 907,057	General
\$ 284,684	Spring Lake Park
\$ 737,670	Waste/Recycled Water Loan
\$ 1,296,205	Warm Springs Dam

#### General Fund

The recommended budget for FY 00-01 includes a net of 12 new positions, authorized during mid-year position allocation changes, and 14 new permanent positions (\$1,047,468) which are offset, in part, by a reduction of 3 permanent positions (-\$254,347). The 14 new positions requested are for three of the Agency Divisions including Administrative Services (3), Engineering and Resource Planning (3), and Operations (8). Recommended position reductions include one Water Agency Junior Engineer and one Laboratory/Industrial Waste Manager in the Operations Division, and one Engineering Technician IV in the Engineering and Resource Planning Division.

Additions and deletions to permanent positions requested for FY 00-01 include:

\$98,731	1	WA Principal Engineer - Operations
168,860	2	WA Engineer - Engineering Design
170,250	2	Water Agency Operations Coordinator
81,355	1	Technical Writing Specialist
78,233	1	Technical Writing Manager - Operations
65,069	1	Electrical/Instrument Technician
67,258	1	WA Senior Plant Operator
61,717	1	WA Plant Operator - Apprentice
69,292	1	Industrial Waste Inspector
135,520	2	Department Analyst
51,183	1	Administrative Aide
(96,229)	(1)	Laboratory/Industrial Waste Manager
(70,100)	(1)	WA Junior Engineer
<u>(88,018)</u>	<u>(1)</u>	<u>Engineering Technician IV</u>
\$793,121	11	<i>Net Requested Increase in Permanent Positions</i>

An additional Water Agency Principal Engineer is needed to head up the permit compliance section of the Operations Division. This position will be responsible for addressing the demands of increasingly complex permit requirements, citizen lawsuits, Senate Bill 709 and other regulatory and legal requirements.

The addition of one new Water Agency Senior Plant Operator position will allow the Agency to add one shift to the Water Operations Desk. This position will provide monitoring and reporting for water operations. New policy and regulations stemming from the Endangered Species Act and decreased Eel River diversion affect reservoir releases from Lake Mendocino and Lake Sonoma, thus requiring more diligent monitoring of the Russian River stream flows.

One new Industrial Waste Inspector is needed to meet the requirements of our new National Pollutant Discharge Elimination System (NPDES) permits. To avoid future compliance requirements and to improve our treatment plants, it is critically important that we increase our emphasis on source reduction, public education, and enforcement of existing ordinances. The additional inspector would increase our ability to control grease and metals problems in the collection system and treatment plant influent flows. These problem areas represent the largest risk of citizen lawsuits and enforcement actions in the future.

Two new Water Agency Operations Coordinator positions are requested in the Operations Division. The first position, in the instrumentation and electronics section, will be responsible for maintaining all electrical and electronic equipment in the Agency's water and wastewater facilities. This position will also require the coordination of work with the Agency's design, operation, mechanical maintenance, and inspection sections, as well as contractors and the general public. The second position, in the laboratory/industrial waste services section, will be responsible for managing the Industrial Waste Inspection program, and the Agency's laboratory and testing services. This position coordinates lab and inspection services with all divisions of the Agency, as required to meet permit and compliance requirements.

A new Electrical/Instrument Technician position is requested to provide a technician to perform routine maintenance on the electrical and electronic equipment for the Agency's water and wastewater facilities. The amount of corrective work and new construction performed by the existing staff has diminished the section's ability to complete the required preventative maintenance. New facilities, including the Kawana Booster Station, new generation facilities and a substation, have increased the need for an additional position.

A Water Agency Plant Operator position is requested as a result of the implementation of an Apprenticeship Program Agreement between Stationary Engineers, Local 39, and the Agency. The Board of Supervisors approved the Apprenticeship Program on August 10, 1999.

One Technical Writing Manager position is requested to meet increasing workload associated with agreements, construction specifications, purchase specification, and assistance with project coordination and scheduling. The increasing workload is due to a backlog of operations and maintenance projects. This position will also be a team member in the development of an online documentation system for all of the Agency's water and wastewater facilities and the telemetry system.

At present, there are positions for four Civil Engineers and one Electrical Engineer in the design section. As little as three years ago, there were six Civil Engineers and one Electrical Engineer in the design section. Retirements, promotions and people leaving resulted in vacant positions that were either not filled or transferred to other divisions. The workload for the design section has steadily increased over the last three years. In addition, the Capital Projects Plan indicates further increases over the next several years (from \$37,000,000 to \$48,000,000). The resolution of current litigation will result in even further increases as water supply projects are added.

A Technical Writing Specialist position is requested as a permanent substitute for one Engineering Technician IV position in the engineering division. In September 1999, a request to under fill the Engineering Technician IV position with a Technical Writing Specialist was approved by the Personnel Department. Workload demands in the technical writing section still require this additional position. The vacated Engineering Tech IV position in the wastewater section is no longer required.

The Water Agency Records Coordinator (Department Analyst) position will be responsible for implementing the final and most extensive phases of the Automated Records Management System, including conversion of files to imaged, searchable web-based format. This position will then become responsible for maintaining all aspects of the automated records system.

The Records Technician position (Administrative Aide) will perform many of the Agency's conventional records support functions, such as development and maintenance of the records retention schedule, records research support for Agency staff, supervision of records staff and decision support for the Records Coordinator.

The second Department Analyst position is requested to oversee the growth and development of the North Coast Joint Powers Authority (NCJPA). This position will be responsible for maintaining and enhancing the NCJPA website, communicating with NCJPA commissioners regarding pertinent issues, and increasing membership through visits with potential member agencies.

A decrease in General fund expenditures in the amount of \$2,057,151 is the net result of the following significant expenditure changes:

\$2,426,402	Increases in Salaries and Benefits, including \$793,121 for a net increase of 11 new positions, and COLA and other personnel related increases.
\$369,064	Increases in Services and Supplies due to funding requests to reimburse other county departments for services of one Personnel Analyst II and one Deputy County Counsel IV and additional rental costs to lease space for added staff members.
\$135,500	Increases in Fixed Assets primarily due to the planned replacement of two of four main IBM servers in the information systems division.
(\$2,263,117)	Reduction in other charges for Long-term Debt Interest Expense. Beginning in FY 00-01, this entry will be recorded in the Warm Springs Dam Fund.
(\$2,700,000)	Increase in Reimbursements - Interfund to reflect salary and benefit increases and cost recovery of new positions.

#### Spring Lake Park

The \$29,953 increase in expenditures in Spring Lake Park is due to an increase in operations, maintenance and capital improvement costs requested by County Regional Parks.

#### Waste/Recycled Water Loan Fund

The Waste/Recycled Water Loan Fund was established in FY 98-99 as a mechanism to provide interim financing for wastewater and recycled water projects. An operating transfer from the Agency's General fund will be made in FY 00-01 to provide funds for the loan program (\$500,000).

### Warm Spring Dam Fund

The Warm Springs Dam project within the Water Agency General Fund is being established in FY 00-01 to create an operations fund separate from the existing Warm Springs Dam Debt Service fund. Warm Springs Dam property tax revenues and expenditures for bank maintenance, erosion control and stream gauge maintenance activities will be recorded in this fund.

### **Flood Control**

In November 1996, voters in Zone 1A and Zone 2A approved new ten-year benefit assessments to finance design and construction of flood control projects in their respective zones. The assessment approved in Zone 1A is at the same level as the benefit assessment which had just ended, the Zone 2A assessment is approximately two-thirds of the previous ten-year assessment.

Zone 1A - Laguna Mark West projects total \$4,834,500, a reduction of \$2,158,700 versus FY 99-00. Major projects for FY 00-01 include:

Channel Maintenance and Improvement	\$1,739,000	
10 <sup>th</sup> & Ripley Conduit	\$ 372,000	
Laguna Flood Detention Study	\$ 250,000	
Santa Rosa Ave Conduit Phase II	\$ 550,000	
Cotati Creek Revegetation	\$ 2,500	
Prince Memorial Greenway	\$ 500,000	
So Santa Rosa Area Drainage Study	\$ 150,000	
West Third and Senna Detention	\$ 10,000	
Santa Rosa Creek Bank Stabilization	\$ 160,000	
Cotati System B	\$ 10,000	
Valparaiso Ave Storm Drainage Improvement	\$ 150,000	
Calder Creek Wetlands Enhancement	\$ 66,000	
Cotati Storm Drain Master Plan	\$ 70,000	
Santa Rosa Creek - Restoration Plan	\$ 750,000	

Zone 2A - Petaluma projects total \$529,700. Major projects for FY 00-01 include:

Channel Maintenance and Improvements	\$ 287,000	
Floodway Acquisition	\$ 100,000	
Marin Creek Channel Maint & Revegetation	\$ 51,000	
Marin Creek Bypass	\$ 78,000	

Zone 3A - Valley of the Moon projects total \$386,000. Major projects for FY 00-01 include:

Channel Maintenance and Improvements	\$ 149,000	
Future Projects	\$ 10,000	
Moll Court Conduit	\$ 105,000	
Perkins Street Conduit	\$ 105,000	
Sonoma Area Hydrology Study	\$ 10,000	

Zone 5A - Lower Russian River projects for FY 00-01 include allocations for channel maintenance and improvements (\$94,000) and a contribution to the Sonoma County Public Works Department (\$25,000). These funds will be utilized to maintain the Rio Nido Geologic Hazard Abatement District for flood control maintenance of the landslide area for a five-year period beginning FY 99-00 and ending FY 03-04.

Zone 8A - South Coast includes a reserve for future projects of \$160,000.

## **Water Supply**

### **Warm Springs Dam Debt Service**

A separate Warm Springs Dam project within the Water Agency General Fund is being established in FY 00-01 to create an operations fund separate from the existing Warm Springs Dam Debt Service fund. Beginning FY 00-01, Warm Springs Dam property tax revenues will be recorded in the general fund along with expenditures for bank maintenance, erosion control and stream gauge maintenance activities.

\$2,886,000 for purchase of U.S. Treasury Strips is being rebudgeted.

### **Russian River Projects**

The Russian River Projects fund decreased net cost of \$326,075 reflects a reduction in expenditures (\$584,104) primarily due to the transfer of costs relating to bank maintenance, erosion control and stream gauge maintenance activities to the newly established Warm Springs Dam project within the Agency's General Fund.

The Agency proposes to spend approximately \$1,975,000 on the following:

\$1,300,000	Healdsburg Dam & Fish Ladder construction
\$200,000	Potter Valley Project
\$100,000	Matanzas Creek Fish Ladder
\$25,000	Vernal Pool Restoration Project
\$250,000	Dry Creek Water Supply
\$50,000	Laguna Foundation Habitat Project
\$50,000	Laguna Flood Detention Study

### **Recycled Water**

The Recycled Water fund was established in FY 97-98 to respond to the need to put recycled water to beneficial use. Issues regarding a limited water supply, impacts of the Endangered Species Act, and the requirement to treat wastewater to AWT or stop discharging to tributaries of the Russian River can be addressed in a positive way by exploring methods of putting recycled water to beneficial use. In FY 00-01, this fund will record an operating transfer from the Agency's General fund (\$1,000,000) to provide continued financing of staff and consultant costs.

The Agency proposes funding the following Recycled Water projects:

\$ 50,000	Irrigation Studies
\$350,000	Petaluma Wastewater Facilities
\$1,550,000	North County Geysers / Ag Reuse
\$300,000	Napa-Sonoma Marsh Wetland Restoration

The Recycled Water fund was established as an enterprise fund as costs associated with activities of this fund will ultimately be paid by recycled water users. It is anticipated that it may take an additional one to three years for the fund to become self-supporting. Until such time, operating transfers from the General fund will occur as necessary to support recycled water projects.

## **Water Transmission System**

Decrease in expenditures of \$1,010,900 is primarily due to decreases in a) Operating Transfers to fund capital projects (-\$1,600,000), b) Maintenance of Building expenditure (-\$363,800), and c) Consultant Services costs (-\$210,000) offset in part by an increase in requested appropriations for the Recycled Water Use Program (\$1,300,000).

\$2,438,000 in increased revenues from the sale of water is projected due to increase in water rates as well as estimated increases in the quantity of water sold.

The Water Advisory Committee has recommended an operating transfer from the Water Transmission fund of \$3,200,000 to provide for transfers to Common Facilities capital improvement fund (\$2,000,000), Storage Facilities capital improvement fund (\$1,041,240), and North Marin Water Deposit (\$158,760) pursuant to the terms of the Master Water Supply Agreement.

Depreciation for all completed Water Transmission System construction projects for FY 00-01 is projected to be \$2,500,000.

#### **Santa Rosa and Petaluma Aqueduct Bonds**

The maturing of Santa Rosa and Petaluma Aqueduct Bonds has resulted in the elimination of the general obligation bond charge and the associated revenue. However, an Aqueduct Capital Fund Charge of \$20.00 per Acre Foot is being levied to accumulate funds for carrying out capital replacement needs of the Santa Rosa and Petaluma Aqueducts - per recommendation of the Water Advisory committee, pursuant to the terms of the Master Water Supply Agreement.

#### **Forestville Aqueduct Bond**

The maturing of the Forestville Aqueduct Bonds in FY 99-00 has resulted in the elimination of the general obligation bond charge and the associated revenue.

#### **Sonoma Aqueduct Bond**

The maturing of Sonoma Aqueduct Bond has resulted in the elimination of the general obligation bond charge and the associated revenue. However, an Aqueduct Capital Fund Charge of \$10.00 per Acre Foot is being levied to accumulate funds for carrying out capital replacement needs of the Sonoma Aqueduct - per recommendation of the Water Advisory committee, pursuant to the terms of the Master Water Supply Agreement.

#### **1971 Water Revenue Bonds - Series 93A and 94A**

Series 93A Bonds reflect decreasing interest payments. There are corresponding increases in principal payments, which are a "below the line" expense paid directly from fund balance. These bonds will mature in FY 02-03.

The maturing of Series 94A Bonds has resulted in the elimination of the Revenue bond charge and the associated revenue.

The Water Advisory Committee has recommended that an operating transfer be made from the 1971 Series 93A Revenue Bond fund (\$400,000) and a residual equity transfer from the 94A Revenue Bond fund (\$81,647) in order to provide funding for Storage Facility projects pursuant to the terms of the Master Water Supply Agreement. With this planned residual equity transfer, the 94A Revenue Bond fund will be closed out.

Major facilities improvements planned by the Agency include:

#### **Storage Facilities**

Kawana Springs Reservoir	\$540,000
Kawana Springs Reservoir Pipeline	273,000
Reservoir Seismic Valves	155,000
Coati Reservoir Revegetation	<u>\$75,000</u>

**Total                    \$1,043,000**

#### **Common Facilities**

Collector 1 & 2 Aquifer Rehabilitation	\$350,000
Mirabel Site Improvements	1,988,000
Wohler Site Improvements	1,405,000
River Well Field Development	740,700
Mirabel Inflatable Dam	33,000
Transmission System Expansion	1,290,000
Pump & Collector Capacity	6,610,000
River Monitoring Stations	<u>\$452,500</u>

**Total                    \$12,869,200**

#### **North Marin Water Deposit**

\$474,360 decrease in transfers from Water Transmission fund per recommendation of the Water Advisory Committee, pursuant to the Master Water Supply Agreement.

\$158,760 in Other Charges to reflect payment to North Marin Water District for its proportionate share of transfer from Water Transmission fund to Storage Facilities fund. The North Marin Water District has requested to handle its own cash management and investments.

#### **Facilities Internal Service Fund**

The Facilities Internal Service Fund was established to record facilities costs and to provide for depreciation and accumulation of fund balance for improvements, expansion and/or replacement of facilities. Revenue for operations, maintenance and depreciation is received in the Fund and charges are made to the Administration and General Fund. The Facilities Fund provides an equitable means of sharing facility costs by all divisions of the Water Agency.

Rental income of \$585,000 will be charged to the Administration and General fund where it will be allocated to all funds as a portion of the overhead cost of labor.

Capital improvement projects total \$200,000, and include the following:

Land - development of plans to relocate Admin facilities	\$     200,000
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## **General Sanitation Overview**

Effective January 1, 1995, responsibility for sanitation functions was assumed by the Sonoma County Water Agency as part of the County's reorganization process. The County Sanitation Districts (Districts or CSDs) include Forestville, Mirabel Heights (CSA #41), Occidental, Russian River, Sonoma Valley and South Park. The Sanitation Zones (Zones) include Sears Point, Graton, Sea Ranch - Zone 1, Penngrove, Geyserville, and Airport-Larkfield-Wikiup.

Generally, costs are increasing in the sanitation budget requests due to cost of living adjustments for salaries and benefits, price increases for services and supplies, continuation of the capital replacement program (described later in this narrative), and an attempt to bring fund balances to adequate levels. As a result, the FY 00-01 sewer service rates are proposed to increase between 3.02% and 8.97% for the various districts and zones, with the exceptions of Forestville, Sea Ranch, and Sears Point (no increase proposed). The rate increases for these districts and zones are necessary to fund operational and capital program expenditures.

Beginning in FY 95-96, a capital replacement program was implemented within the sanitation districts and zones. The purpose of the program is to provide for long-term replacement of existing facilities that are worn out or in disrepair. Investment in capital replacement will extend the life of existing facilities at current sanitation standards and will reduce operations and maintenance costs. The cost of the program is financed through operating transfers from the operations fund to the construction fund. It is the Agency's objective to fund the program to the level of depreciation expense for each district or zone. If the operations fund does not have sufficient cash available, a transfer of funds to construction will not be made and the capital replacement projects will be delayed until the next fiscal year.

In January 2000, Agency staff held a Sanitation Workshop presenting a summary of operational and regulatory issues associated with sanitation systems operated by the Agency, providing information regarding past operational practices, changes in the regulatory environment, the estimated cost of sanitation services, and strategies for addressing current and future operational issues. Three levels of service and their costs were identified for each of the sanitation systems and are described below.

**Minimum Level of Service:** Includes services necessary for the protection of public health, employee safety, and public safety.

**Standard Level of Service:** Includes services necessary to operate and maintain the sanitation systems in order to limit or reduce the risk of (1) service interruption and (2) violations of the respective National Pollutant Discharge Elimination System (NPDES) permit or Waste Discharge Requirements issued by the Regional Boards.

**Asset Preservation Level of Service:** Includes services and programs necessary to (1) operate, maintain and replace facilities and equipment within the sanitation systems in order to preserve the system's assets, (2) provide a beneficial impact on the quality of life in the community, and (3) provide economic savings to the ratepayers through optimizing life cycle costs.

These levels of service are discussed as they relate to the Districts and Zones below.

The following paragraphs provide a summary of the budget requests, and applicable rate increases, proposed in each district and zone:

### **Forestville CSD**

Total operations fund expenditures are planned to increase by \$90,259, primarily due to increases in operations and maintenance costs associated with increased flows from the connection of the Mirabel Heights sewer collection system. An operating transfer of \$79,475 is planned to move funds received from Mirabel Heights residents connecting to the system during the year to the Forestville operating budget. Operating revenues are anticipated to increase by \$2,294 as a result

of increased service charges received from new connections within the existing District boundary. A transfer of \$5,000 is planned to transfer cash from the operations fund to the construction fund to finance the capital replacement program.

The construction budget requested for FY 00-01 is \$3,016,000. The majority of this amount will be used to fund the Advanced Wastewater Treatment Upgrade Project. The estimated cost for constructing the necessary facilities to meet AWT standards is \$3.3 million. The Department of Veteran's Affairs and Housing and Urban Development, and Independent Agencies Appropriations Act of 1999 provided a \$1 million grant for the Forestville AWT Upgrade Project. An additional grant and low interest financing is anticipated in the amount of \$1,523,300 from the United States Department of Agriculture - Rural Development (USDA). Funding is also anticipated from the Forestville Water District in the amount of \$648,000. This financing, combined with the planned connection of Mirabel Heights (\$170,000) to the Forestville CSD has made upgrading the treatment plant financially feasible.

The requested rate per ESD for FY 00-01 annual service charges remains at the FY 99-00 amount of \$805. Annual sewer service charge revenue is projected to exceed the FY 99-00 budget due to the anticipated connection of Mirabel Heights to the Forestville CSD during FY 00-01. Connections from Mirabel Heights will be charged at \$425 per ESD in FY 00-01, reflecting their estimated share of operations and maintenance costs. Estimated FY 99-00 revenues provide funding for a Minimum Level of Service. The Water Agency is currently utilizing its operational reserve funds to allow for a Standard Level of Service. Under current operating conditions, an additional \$75,000 of annual revenue is required to provide an Asset Preservation Level of Service. The required funding to attain the Asset Preservation Level of Service will be re-evaluated once the inclusion of the Mirabel Heights area is complete.

#### **CSA #41 - Mirabel Heights**

CSA #41 - Mirabel Heights was established in FY 99-00. The purpose of the fund is to account for the receipt of annual sewer service charge revenues collected on the tax rolls and apportioned by the Auditor-Controller's office. These revenues are subsequently transferred to the Forestville CSD towards payment of Mirabel Heights proportionate share of Operations and Maintenance (O & M) expenses. The O & M charge for FY 2000-01 for Mirabel Heights is projected at \$425 per Equivalent Single-family Dwelling (ESD), based upon Forestville CSD's projected O & M expenses of \$242,675 and the estimated 571 ESD's to be serviced by the CSD in FY 2000-01, including 187 ESD's in Mirabel Heights. (Forestville CSD currently provides service for 384 ESD's).

Debt service payments related to the construction of the collection system are collected separately within the Sewer Assessment District Fund administered by the Sonoma County Tax-Collector's office. It is anticipated that the Mirabel Heights area will eventually be formally annexed to the Forestville CSD.

#### **Occidental CSD**

Total operations fund expenditures are planned to increase by \$31,801 primarily due to an increase in the cost of labor and overhead associated with operation and maintenance of the District's facilities and equipment, as well as other related service and supply items. This cost will be partially offset by an additional \$15,348 in increased revenues from service charges.

Recent expenses for buildings and improvements were the result of preliminary engineering work and environmental studies required to comply with the Administrative Civil Liability received from the North Coast Regional Water Quality Control Board in August 1997. The budget request of \$3,933,000 for FY 00-01 represents the estimated cost of upgrading the treatment plant to AWT standards. The planned FY 00-01 activity will be funded through a combination of anticipated loans and grants from the USDA.

The requested rate per ESD for FY 00-01 annual service charges is \$814, representing an 8.97% increase from FY 99-00. Annual sewer service charge revenue, adjusted for the anticipated number of ESDs and an estimated delinquency factor, is projected to be higher than the FY 99-00 budget. The number of ESDs for FY 00-01 is projected at 256, two less than in FY 99-00. Estimated FY 99-00 revenues do not adequately provide funding for even a Minimum Level of Service. An additional \$105,000 in revenue is necessary to achieve the desired Asset Preservation Level of Service.

### **Russian River CSD**

Total operations fund expenditures are planned to increase by \$181,556 primarily due to increases in operations and maintenance costs associated with labor, administration, consulting services, maintenance and operating permits. This increase will be partially offset by an increase of \$104,843 in service charge revenues. Projected FY 00-01 operating revenues provide sufficient funding for a Standard Level of Service, contingency funding, and substantial capital replacement funding.

The construction budget requested for FY 00-01 is \$515,000. This request includes funds for an Aeration Basin project (\$180,000), the Third Unit Processes project (\$143,000), additional environmental analysis and various projects associated with the Russian River CSD Facility Upgrades and Disposal Expansion Project EIR (\$65,000), funds for the Headworks Influent Screen (\$110,000), and funds for other projects totaling \$17,000.

The requested rate per ESD for FY 00-01 annual service charges is \$664, representing a 4.90% increase from FY 99-00. Annual sewer service charge revenue, adjusted for the anticipated number of ESDs and an estimated delinquency factor, is projected to increase from the FY 99-00 budget. This revenue change is due to the rate increase and the fact that projected ESDs for FY 00-01 are higher than the FY 99-00 budget estimate.

### **Sonoma Valley CSD**

Total operations fund expenditures are planned to increase by \$4,884 primarily due to increases in operations and maintenance costs associated with labor, legal services, consulting services, and operating permits (\$498,284) being offset by a decrease in operating transfers (-\$400,000) and fixed asset expenditures (-\$90,000). An increase of \$232,329 in operating revenues is projected for FY 00-01. Revenues from on site disposal by septic haulers is forecast to decrease by approximately \$70,000 due to construction of the Eighth Street East Sewer Assessment District, which will be partially offset by revenues from new connections.

A total of \$11,223,300 is requested in FY 00-01 for the following capital projects: aeration system phase 3 (\$510,000); treatment plant instrumentation upgrade (\$50,000); clarifier upgrade/replacement (\$50,000); plant capacity upgrades (\$380,000); monitoring manholes (\$500,000); Fifth Street West/East Napa/East MacArthur collection system replacement (\$4,027,300); ponds R1 and R2 modifications (\$989,000); effluent storage reservoir design and construction (\$3,238,000); emergency generator replacement (\$835,000); and various other projects (\$644,000).

The requested rate per ESD for FY 00-01 annual service charges is \$377, representing a 5.6% increase from FY 99-00. Annual sewer service charge revenue collected on the tax roll (adjusted for the anticipated number of ESDs and an estimated delinquency factor) is projected to be higher than the FY 99-00 budget. This revenue change is due to the fact that projected ESDs for FY 00-01 are higher than the adopted FY 99-00 budget estimate. Estimated operating revenues in FY 00-01 nearly provide sufficient funding for an Asset Preservation Level of Service.

### **South Park CSD**

Total operations fund expenditures are planned to increase by \$1,440,336 primarily due to an increase in an operating transfer necessary to fund the capital replacement program. Operations and maintenance costs will increase by \$300,336 due to expenses related to the HVOC issue and increased labor and legal services costs. The increase in operations and maintenance costs will be partially offset by an increase in operating revenues of \$143,756 resulting from an anticipated rate increase.

Annual payments of \$125,000 to the North Coast Regional Water Quality Control Board for HVOC remediation began in FY 99-00 and will continue until FY 2003-04. An additional \$70,000 is requested in FY 00-01 for reimbursement to the Health Services Department for HVOC remediation services. South Park's share of the cost of operations and improvements to the sub regional facilities is anticipated to increase by \$90,000 in FY 00-01, based on flows contributed by the South Park CSD. Payment to the Department of Transportation and Public Works for collection system replacement work included in the Sebastopol Road Reconstruction project (Phase II) has decreased by \$500,000 over FY 99-00.

The South Park CSD is proposing to issue \$3.1 million in revenue bonds in FY 00-01 to enable it to meet its capital replacement obligations. The Capital Improvement Plan has identified necessary collection system replacement projects through FY 04-05 estimated to cost in excess of \$7.5 million. The Agency is presently replacing or planning to replace six sections of the collection system between FY 00-01 and FY 04-05. Projects identified include: Moorland Avenue, Kenmore Lane, Corby Avenue and Victoria Drive, East Robles and Santa Rosa Avenue (on East Robles from Highway 101 to Brooks Avenue), Santa Rosa Avenue (south of East Robles near Todd Road), and Santa Barbara Drive.

The requested rate per ESD for FY 00-01 annual service charges is proposed to increase to \$510, representing an 8.97% increase from the FY 99-00 rate.

#### **Sanitation Zone - Sears Point**

Total operations fund expenditures are planned to increase by \$5,032 primarily due to increases in operations and maintenance costs associated with legal services required to transfer ownership of the facility to the Sears Point Raceway. The increase in expenditures will be offset by an increase in sanitation service charges and interest earned on pooled cash.

Expansion of the Sears Point Raceway was approved in early 2000. Agency staff continues to work towards the possible transfer of ownership of the wastewater facilities to the Raceway. However, the Agency's continued involvement will be necessary for review of expansion plans and oversight of operations.

#### **Sanitation Zone - Graton**

Total operations fund expenditures are planned to increase by \$27,555 primarily due to increases in operations and maintenance costs associated with labor and operating permits. The increase in expenditures will be partly offset by an increase in operating revenues of \$17,780.

In FY 00-01, \$36,000 is requested for new buildings and improvements and \$20,000 for funding capital replacement projects. Funding to prepare a revised proposal to form the Graton CSD was obtained in June of 1999 from the County of Sonoma's District Formation Fund. The funds will be used to develop engineering, operational, and financial plans for complying with NCRWQCB orders. Funds will also be used to complete other documents necessary for obtaining LAFCO approval.

The requested rate per ESD for FY 00-01 annual service charges is \$660, representing a 3.13% increase from FY 99-00. The requested increase will fully fund the programs and services necessary to provide a standard level of service and partially fund programs necessary to provide an asset preservation level of service for the forthcoming fiscal year.

### **Sanitation Zone - Sea Ranch (Zone 1)**

Total operations fund expenditures are planned to increase by \$12,940 primarily due to increases in operations and maintenance costs associated with maintenance of buildings and improvements, which will be partially offset by decreases in labor and contract services. The net increase in expenditures will be partially offset by an increase in operating revenues of \$9,938.

The FY 00-01 budget request for the Zone's construction fund increased by \$390,000. This request is intended to fund environmental, design and construction costs for a new effluent storage pond that is necessary for the Zone to remain in compliance with its operational permit requirements. This request also includes funding for an influent line coating project. The Zone's capital replacement program request includes \$45,000 to fund the replacement of sewer trunk lines, as well as electrical and mechanical equipment.

The current rate of \$560 per ESD for service charges is considered adequate to meet operational expenses for the forthcoming year. Accordingly, no increase to the annual sewer service rate is proposed.

### **Sanitation Zone - Penngrove**

Total operations fund expenditures are planned to increase by \$21,040 primarily due to increases in the special departmental expense associated with an agreement with the City of Petaluma to accept and treat the Zone's wastewater. The increase in expenditures will be offset by an increase in operating revenues of \$23,016 resulting from new connections and an anticipated increase in the annual service charge.

The amount requested in the construction fund for capital projects covers miscellaneous items associated with Petaluma's upgrade (\$10,000) and replacement of portions of the collection system (\$5,000). Connection fees continue to be collected for the future expansion of the collection system and capacity requirements in the City of Petaluma's wastewater treatment facilities.

The requested rate per ESD for FY 00-01 annual service charges is \$520, representing an 8.11% increase from FY 99-00. The increase is necessary to (1) meet the FY 00-01 increase in the City of Petaluma's sewer service charge, and (2) fully fund the programs and services necessary to provide an asset preservation level of service for the forthcoming fiscal year.

### **Sanitation Zone - Geyserville**

Total operations fund expenditures are planned to decrease by \$15,811 primarily due to a \$25,000 decrease in the amount budgeted for buildings and improvements. Operating revenue is forecast to increase by \$2,446 as a result of new service connections and interest on pooled cash.

A transfer of \$50,000 is requested to the construction fund to help finance the capital replacement program. The proposed construction budget of \$70,000 is intended to fund necessary upgrades of the treatment facilities (\$40,000 upgrade to the lift station) and capital replacement projects (\$30,000 replacement of portions of the collection system).

The requested rate per ESD for FY 00-01 annual service charges is \$511, representing a 3.02% increase from FY 99-00. The requested increase will fully fund the programs and services necessary to provide a standard level of service and partially fund programs necessary to provide an asset preservation level of service for the forthcoming fiscal year.

### **Sanitation Zone - Airport-Larkfield-Wikiup**

Total operations fund expenditures are planned to increase by \$21,614 primarily due to an increase in operations and maintenance costs associated with labor, chemicals and operating permits. This will be more than offset by an increase of \$98,039 in operating revenue resulting from an increase in the number of new service connections, a proposed increase in the annual service charge, and interest earned on pooled cash.

FY 00-01 Construction fund expenditures are planned at \$5,425,000 to fund the capital projects, some of which are: 1) ongoing repair and replacement of sections of the sewer collection system; 2) continued upgrade of the control automation system; 3) design and construction of the Storage, Reclamation and Treatment Facilities Project including pond construction, tertiary treatment upgrades and an irrigation system intertie; 4) installation of permanent irrigation fields at the airport; 5) construction of a chemical scrubbing system; 6) installation of timers and valves for automating the irrigation system; 7) installation of new level indicators for storage ponds; 8) improvements to piping for settling ponds; and 9) construction of a grit drying pad. Funding for these projects will be provided by the construction fund balance, as well as a low-interest loan from the State Water Resources Control Board. A transfer of \$100,000 is proposed to fund 27% of the projected depreciation expense of \$375,000 for FY 00-01.

The requested rate per ESD for FY 00-01 annual service charges is \$309, representing a 6.19% increase from FY 99-00. The requested increase will fully fund the programs and services necessary to provide a standard level of service and partially fund programs necessary to provide an asset preservation level of service for the forthcoming fiscal year.